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ABSTRACT

This report presents the results of a review of all state student financial aid programs in Florida and presents recommendations concerning program consolidation. The review was designed to address a variety of aid-related issues, including unexpended financial aid resources, program consolidation, budget request and aid distribution procedures, eligibility criteria, and a potential new lottery-funded program. Nineteen specific recommendations are outlined, including proposals to: (1) allow the consolidated student financial assistance trust fund to carry over a limited amount of its annual appropriation; (2) consolidate and simplify student eligibility criteria; (3) require all state-funded student aid programs to adopt minimum academic and financial need standards for eligibility; (4) eliminate the requirement that only non-profit institutions may participate in the Florida Work Study Program; (5) curtail increases in merit-based aid or increase need-based aid; (6) include a financial needs test in the state's merit-based aid programs; and (7) phase in over a 4-year period any lottery-funded scholarship program adopted by the state. Two appendixes provide tabular data and information on the activities of the Florida Statewide Task Force on Student Financial Aid. (MDM)

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ED 394 370

STATE STUDENT FINANCIAL AID

HE028996

Report and Recommendations by the Florida Postsecondary Education Planning Commission

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The Postsecondary Education Planning Commission, initially created by executive order in 1980, given statutory authority in 1981 (SS 240.145 and 240.147, Florida Statutes), and reauthorized by the 1991 Legislature, serves as a citizen board to coordinate the efforts of postsecondary institutions and provide independent policy analyses and recommendations to the State Board of Education and the Legislature. The Commission is composed of 11 members of the general public and one full-time student registered at a postsecondary education institution in Florida. Members are appointed by the Governor with the approval of three members of the State Board of Education and subject to confirmation by the Senate.

The major responsibility of the Commission is preparing and updating every five years a master plan for postsecondary education. The enabling legislation provides that the Plan "shall include consideration of the promotion of quality, fundamental educational goals, programmatic access, needs for remedial education, regional and state economic development, international education programs, demographic patterns, student demand for programs, needs of particular subgroups of the population, implementation of innovative educational techniques and technology, and the requirements of the labor market. The capacity of existing programs, in both public and independent institutions, to respond to identified needs shall be evaluated and a plan shall be developed to respond efficiently to unmet needs."

Other responsibilities include recommending to the State Board of Education program contracts with independent institutions; advising the State Board regarding the need for and location of new programs, branch campuses and centers of public postsecondary education institutions; periodically reviewing the accountability processes and reports of the public and independent postsecondary sectors; reviewing public postsecondary education budget requests for compliance with the State Master Plan; and periodically conducting special studies, analyses, and evaluations related to specific postsecondary education issues and programs.

Further information about the Commission, its publications, meetings and other activities may be obtained from the Commission office, 224 Collins Building, Department of Education, Tallahassee, Florida, 32399-0400; telephone (904) 488-7894; FAX (904) 922-5388.

POSTSECONDARY EDUCATION PLANNING COMMISSION

STATE STUDENT FINANCIAL AID

Prepared in Response to Specific Appropriation 198
of the
1995 General Appropriations Act
Chapter 95-429, Laws of Florida

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EXECUTIVE SUMMARY

Student financial aid has been the subject of numerous studies and analyses in recent years both nationwide and in Florida. Rising costs, increased demand and limited resources have all combined to challenge the creativity of policy makers, educational administrators, students, and families in making the most effective use of available student aid dollars.

The current study, called for by the 1995 Legislature, addresses a variety of aid related issues including unexpended financial aid resources, program consolidation, budget request and aid distribution procedures, eligibility criteria and a potential new lottery funded program. The report identifies a number of areas where action is needed and provides the following specific recommendations:

Recommendation 1 - Allow the consolidated student financial assistance trust fund to carry forward a specific percentage of the total appropriation for the programs involved (e.g., 10 percent) and revert the remainder to the general revenue fund or to the institutions on a pro rata basis in accordance with their level of participation in state student financial assistance.

Recommendation 2 - Use seventh semester information for high school students to determine Undergraduate Scholars award eligibility.

Recommendation 3 - Require that qualifying test scores for Undergraduate Scholars awards be submitted no later than the April test administration dates of the applicants' senior year.

Recommendation 4 - Based upon the results of the Commission/Office of Student Financial Assistance analysis, consolidate/simplify initial eligibility criteria to require one minimum high school grade point average and a minimum test score. Any increases in the current requirements should be phased in. Following any modifications to the initial requirements, the Office of Student Financial Assistance should, in cooperation with the Postsecondary Education Planning Commission, address the feasibility of a procedure allowing for reinstatement of students who fall below the renewal requirements and subsequently improve their performance.

Recommendation 5 - Limit the Gold Seal award to a maximum of 4 semesters. Allow transition into the Undergraduate Scholars Program for those students who meet the renewal requirements for the latter program (e.g., 3.2 GPA for 24 Semester Credit Hours).

Recommendation 6 - Eliminate the requirement that only non-profit institutions may participate in the Florida Work Study Program, contingent upon the provision of additional funds to cover increased

student eligibility. Expand the program to include all institutions eligible to participate in the Florida student assistance grant programs.

Recommendation 7 - Eliminate the statutory requirement that 25 percent of the Florida Work Study Program funds be spent in the public schools.

Recommendation 8 - Require all state funded student aid programs to adopt minimum academic and financial need standards for eligibility. The only exception to this policy should be the Florida Resident Access Grant which has been declared by the Legislature to be tuition assistance rather than financial aid.

Recommendation 9 - Wherever appropriate, the Legislature and the Department of Education should decentralize the administration of the special purpose/special population aid programs to assure that they are handled as efficiently as possible.

Recommendation 10 - Before any new state financial aid program is created, its objectives should be reviewed by the State Board of Education and the Florida Council of Student Financial Aid Advisors to determine if they can be addressed through existing programs. A minimum of two years should be provided for planning and implementation of any new aid program and the cost of administering the program should be identified and included in the appropriation.

Recommendation 11 - The Office of Student Financial Assistance and the Department of Education should place high priority on the timely completion and implementation of the integrated data base for all state student aid programs.

Recommendation 12 - Student aid budget requests should be based on the current Office of Student Financial Assistance methodology taking into account the maximum award level authorized by the Legislature for each program.

Recommendation 13 - Curtail further increases in the merit programs or increase need-based aid until state funding for student financial aid is again in conformity with the provisions of s. 240.437(2), F.S.

Recommendation 14 - State university and community college systems' budget requests should estimate the impact of potential or proposed increases in student charges on access and identify the appropriate source and level of funds to address this impact. Universities requesting tuition

differential authority should earmark an appropriate amount of the potential fee revenue for need-based financial aid based on available projections of the impact of the fee increase.

Recommendation 15 - Include an academic requirement in the State's need-based programs that is not less than the minimum academic requirement for entrance into public postsecondary education.

Recommendation 16 - Include a financial needs test in the State's merit programs (either the Federal Methodology, which takes into account both assets and income, or an alternative such as an income ceiling established at the state level).

Recommendation 17 - Eliminate the requirement that students participate in the college-level communication and computation skills testing program as a condition for state financial aid eligibility.

Recommendation 18 - Increase the actual maximum award in each of the student assistance grant programs for the first two years of eligibility with a corresponding decrease in value during the last years. The specific adjustment should not exceed the actual cost of tuition and mandatory fees and should be determined by the Office of Student Financial Assistance in cooperation with the Council of Student Financial Aid Advisors. Maintain centralized award systems for new Student Assistance Grant applicants but decentralize renewals.

Recommendation 19 - If a new lottery funded scholarship is considered for Florida, it should be phased in over four years, include both need and merit criteria, provide for consolidation with the existing merit based programs, include external performance criteria such as standardized test scores in addition to grade point averages, and include components for all postsecondary sectors - technical, two and four year, public and independent.

With few exceptions, these recommendations do not require additional resources. Implemented collectively, they should result in the improved administration and delivery of state student financial aid. However, the future of student aid remains cloudy due to uncertainty at the federal level, increasing calls for restructuring and privatization at the state level, and competing demands for resources within postsecondary institutions. Ultimately, the success of whatever student financial aid programs are in place is dependent on the perseverance and dedication of students and families who seek access to postsecondary education. The extent to which their efforts can be rewarded will be a major factor in determining the future direction of our colleges, universities, and other postsecondary institutions in Florida.

INTRODUCTION

Student financial aid has been the subject of numerous studies and analyses in recent years both nationwide and in Florida. Rising costs, increased demand and limited resources have all combined to challenge the creativity of policy makers, educational administrators, students, and families in making the most effective use of available student aid dollars.

Proviso language accompanying Specific Appropriation 198 of the 1995 General Appropriations Act directed the Postsecondary Education Planning Commission to:

> *conduct a review of all state financial aid programs and make recommendations concerning program consolidation. In addition, the Commission will review the methodology for making annual budget requests for these programs and make recommendations for improving both the projection and distribution of financial aid funds. A report and recommendations shall be submitted to the Legislature and the State Board of Education by February 1, 1996.*

Although not specified in the proviso language, a primary reason for the review was legislative concern over growing unencumbered balances in the individual trust funds.

Although not specified in the proviso language, a primary reason for the review was legislative concern over growing unencumbered balances in the individual trust funds established for each of the programs administered by the Office of Student Financial Assistance (OSFA).

BACKGROUND

Over the years, the Commission has examined financial aid from several perspectives. In a review of financial aid policy, the original ***Master Plan*** (1982) concluded that new state policies on tuition and financial aid were needed to balance aspirations and fiscal constraints, concerns for efficiency and concerns for equity, and needs for consistency and needs for flexibility. Other issues addressed included the administration of state aid programs by a central state agency, preservation of access as the primary objective of state aid programs, consideration of a state need-based loan program, continuation of the state need-based assistance grant program, and provision of acceptable academic progress standards in financial aid policy. In brief, Commission studies since that time include:

- ***State Student Financial Aid Policy*** (1983) - Supplement to the ***Master Plan***. Recommends several statutory revisions as well as policy considerations for eligibility criteria and for specific financial aid programs such as the Academic Scholars Program.

- ***The Master Plan for Florida Postsecondary Education: 1988 Update*** - Revisits financial aid policy issues raised in the original ***Master Plan*** and makes recommendations in the areas of need-based aid, award levels, assistance for part-time students, selected aid programs, and financial aid information.

- ***Student Financial Aid Administration in Public Community Colleges and Universities*** (1990) - Analyzes the administration of aid programs in public institutions and makes recommendations concerning state-level administration, institutional financial aid office staffing, selected programs and their administration, automation, and service to students.

- ***Student Indebtedness and Financial Aid*** (1992) - Analyzes loan debt incurred by graduates and their ability to service this debt within discretionary income. Makes recommendations on maximizing aid resources to reduce students' dependence on loans, improving system-level data bases, award levels, and using lottery enhancement money for aid.

- ***Challenges, Realities, Strategies: The Master Plan for Florida Postsecondary Education for the 21st Century*** (1993) - Identifies key challenges that will have an impact on the delivery of postsecondary education and suggests strategies to address those challenges. Within a discussion of the allocation and use of state resources, proposes that increases in fees be accompanied by corresponding increases in need-based financial aid.

- ***How Floridians Pay for College*** (1994) - Examines the family characteristics of undergraduate students, including their education and income levels and the mix of resources used to finance their postsecondary education. Makes recommendations regarding access, cost, financial aid, and savings and loans.

During this period, related reports were published by other entities with recommendations that impact the State's financial aid policy and its implementation. These reports include:

- ***Performance Audit of the Florida Student Assistance Grants Program*** (1990, Office of the Auditor General) - Examines the potential of decentralizing the administration of the public institutions' portion of the Florida Student Assistance Grants Program.

- ***Recommendations for the Improvement of Florida's Student Financial Aid Programs*** (1991, Report of the Statewide Task Force on Student Financial Aid) - Contains recommendations in the areas of financial aid program consolidation, electronic data transmission, student indebtedness, and preservice and inservice staff training.

- ***Performance Audit of the Community College Financial Aid Program*** (1992, Office of the Auditor General) - Reviews community colleges' use of financial aid fee funds in meeting the needs of students with demonstrated financial need.

- ***Performance Audit of the University Student Financial Aid Program*** (1992, Office of the Auditor General) - Reviews public universities' use of financial aid fees, lottery funds, and loans in meeting the financial needs of Pell Grant students.

- ***Long Range Plan for State Financial Aid Programs*** (1993, Florida Council of Student Financial Aid Advisors) - Responds to legislation requiring a long-range plan for providing a comprehensive financial aid program for Florida students. The Plan evaluates existing state financial aid programs, sets goals and objectives for several issues, and makes recommendations concerning financial aid policy, appropriation levels, demographics, and program proliferation.

- ***Annual Report on State Financial Aid Programs*** (1994, Florida Council of Student Financial Aid Advisors) - Updates and supplements the Long Range Plan. Makes recommendations in the areas of funding, access, choice, and transference of costs from the federal government to states and institutions.

METHODOLOGY

The Commission Chairman assigned this study to the Finance/Administration Committee, chaired by Dr. Richard Alterman and including Commission members, Mrs. Inez Bailey, Dr. Thomas Haynes, Mr. James Kirk, and Mr. Earl Olden. The Finance/Administration Committee discussed this study at six meetings and received testimony from agency and institutional representatives as well as the Florida Council of Student Financial Aid Advisors. The study has also involved legislative staff and the Executive Office of the Governor. Commission staff participated in the Fall conference of the Florida Association of Student Financial Aid Administrators and discussed the issues identified in the course of the review with representatives of all postsecondary sectors. Finally, information on selected programs in other states was analyzed. The following section contains issues and recommendations identified by the Commission as a result of this study.

ISSUES AND RECOMMENDATIONS

Issue - Large Unencumbered Trust Fund Balances

The majority of the unspent funds are contained in three programs--Critical Teacher Shortage, Public Student Assistance Grant, and Undergraduate Scholars.

Table 1(all tables are included in Appendix A) provides a summary of state financial aid program trust fund balances for 1990, 1994, and 1995. It is clear that the majority of the unspent funds are contained in three programs—Critical Teacher Shortage, Public Student Assistance Grant, and Undergraduate Scholars. The 1995 Legislature consolidated 19 student aid related trust funds in the State Student Financial Assistance Trust Fund (Chapter 95-376, L.F.). This action is intended to improve overall accounting for the consolidated trust fund balance. However, factors that contributed to the previous balnces remain. This year the OSFA will handle approximately a quarter million applications for 29 separate State administered aid programs. While significant these programs account for less than 10 percent of the total amount available from all sources of financial aid - Federal, state, institutional, corporate and other private providers - all of which interact and have an impact on the amount of aid an individual student ultimately receives. The situation is further complicated by the fact that most aid application deadlines are in the early Spring for enrollment the following Fall. Given the potential for change in a wide variety of economic, social , and academic factors during those intervening months, it is not surprising that accurate predictions of the number and value of awards needed are difficult to calculate. In several of the need based programs OSFA overawards up to 200 percent of the funds it anticipates having available due to the tremendous variability of student status and enrollment patterns.

Theoretically, any unspent aid funds remain in the State Student Financial Assistance Trust Fund and are available for future use. However, any such use is subject to approval by the Executive Office of the Governor and the Legislature. In recent years the general practice has been not to approve expenditures above the amount appropriated for a given program. Consequently, if additional qualified applicants are identified, a proration of existing awards has been required.e.g., the Undergraduate Scholars award was reduced by $89 this year and a similar reduction of $132 was necessary in the Private Student Assistance Grant. It is understood that spending the entire trust fund balance, which in recent years has grown to a level greater than 25 percent of the state aid appropriated annually, could create problems in future years since the trust funds are a non-recurring fund source. However, some flexibility in the use of these trust fund balances would permit the OSFA to accommodate additional applicants, fund shortfalls and other unexpected occurences without having to resort to administratively burdensome reductions in awards that have already been made. Both school districts and community colleges are allowed to carry forward up to 10 percent of their operating funds at the end of the fiscal year. This type of flexibility would assist the OSFA in managing its programs more effectively.

Recommendation 1 - Allow the consolidated student financial assistance trust fund to carry forward a specific percentage of the total appropria-

tion for the programs involved (e.g., 10 percent) and revert the remainder to the general revenue fund or to the institutions on a pro rata basis in accordance with their level of participation in state student financial assistance.

Issue - Program Consolidation

Merit Programs. In February, 1991, a Statewide Task Force on Student Financial Aid, chaired by a member of the Commission staff, adopted Recommendations for the Improvement of Florida's Student Financial Aid Programs. This report contained a number of recommendations related to program consolidation which, with few exceptions, have been implemented (See Appendix B). Several recommendations such as forward funding of aid programs and a two year lead time for implementation of new aid programs are within the purview of the Legislature and have not been enacted at this point. With regard to the Department of Education, the only recommendation not yet addressed relates to the Undergraduate Scholars Program:

> *Section 240.402, F.S., should be revised to eliminate student application forms for the Florida Undergraduate Scholars Program. The deadline to meet the academic eligibility criteria should be changed to the end of the first semester grading period of the student's senior year of high school; however, provision should be made to make awards to students who qualify in the second grading period.*

According to the Department's Office of Student Financial Assistance (OSFA), some Department personnel are concerned that students would take advantage of the early award provision by neglecting their studies during the last semester. If the purpose of the program is to encourage students to stay in Florida, it appears that early notification would increase this possibility. Any student seriously considering an out-of-state institution would normally have to commit by Winter or early Spring at the latest.

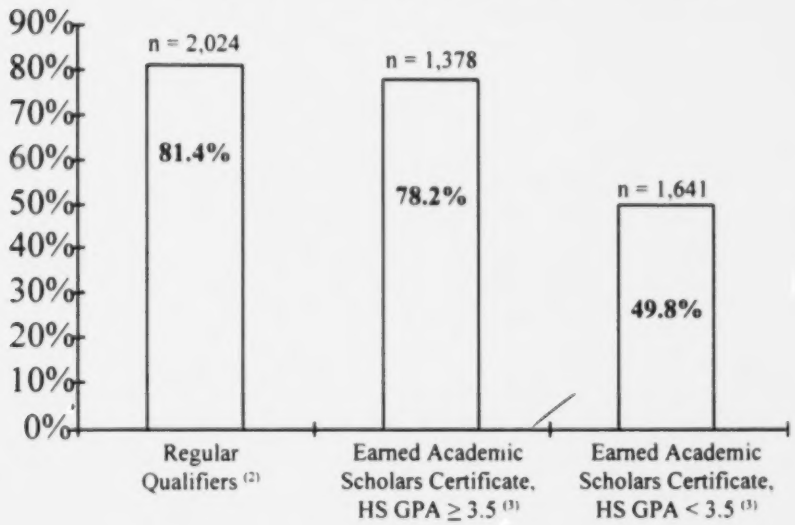
Recommendation 2 - Use seventh semester information for high school students to determine Undergraduate Scholars award eligibility.

During examination of this issue, other concerns were noted. Presently, students may submit required SAT/ACT test data as late as June of their senior year. This complicates award distribution and appears to be well beyond the point where an award will impact a student's decision to remain in Florida.

Recommendation 3 - Require that qualifying test scores for Undergraduate Scholars awards be submitted no later than the April test administration dates of the applicants' senior year.

FIGURE 1

RENEWAL STATUS ONE YEAR AFTER INITIAL AWARD(1)
1994-95 FLORIDA UNDERGRADUATE SCHOLARS RECIPIENTS



Students who qualified for an Undergraduate Scholars award with less than a 3.5 high school grade point average were much less likely than those with higher GPAs to remain eligible for renewal in the second year of college.

Notes: (1) Renewal of FUSF requires a cumulative college GPA > 3.2 on at least 24 semester credit hours.
(2) Students may initially qualify for FUSF with a high school GPA ≥ 3.5 and an SAT ≥ 1270 or ACT ≥ 29.
(3) Students may also qualify by having earned an Academic Scholars Certificate in high school with a GPA ≥ 3.0 and an SAT ≥ 1180 or ACT ≥ 26.

Source: Office of Student Financial Assistance.

Another issue is the high rate of attrition in the Undergraduate Scholars Program for certain students e.g., there is a 50 percent attrition rate after the freshman year for those who qualify based on a high school Academic Scholars Certificate with less than a 3.5 GPA compared to 22 percent for students with a GPA of 3.5 or higher (Figure 1). Until recently, different test scores were required for different students; a 1310 SAT score required for a home schooled student in comparison with 1270 for a traditional student. However, the Department is in the process of changing to the lower score for both groups. In all, there are 5 separate ways students may qualify for an undergraduate scholar award. Commission staff are currently working with OSFA on an analysis of the relationship between the various eligibility criteria and subsequent student performance to determine if some adjustments can be made to improve the first-year retention of students within the Undergraduate Scholars Program. It has also been suggested that consideration be given to a two-tiered approach with the current level of awards given to the highest achieving stu-

In all, there are 5 separate ways students may qualify for an Undergraduate Scholars award.

dents, and a reduced award for those meeting some lower criteria. Rather than set a lower standard, the possibility of permitting students one opportunity to requalify after initially failing to renew could be explored.

Recommendation 4 - Based upon the results of the Commission/Office of Student Financial Assistance analysis, consolidate/simplify initial eligibility criteria to require one minimum high school grade point average and a minimum test score. Any increases in the current requirements should be phased in. Following any modifications to the initial requirements, the Office of Student Financial Assistance should, in cooperation with the Postsecondary Education Planning Commission, address the feasibility of a procedure allowing for reinstatement of students who fall below the renewal requirements and subsequently improve their performance.

A second merit program, authorized by the Legislature in 1989, also warrants attention. The Florida Gold Seal Endorsement Scholarship was created to encourage outstanding vocational students to continue their studies in postsecondary vocational or technical programs. In spite of this intent, 98 percent of the 4,775 students receiving Gold Seal awards in 1994-95 attended colleges and universities (according to survey data compiled by OSFA), while less than 2 percent enrolled in public vocational-technical centers. Over 30 percent of the Gold Seal students enrolled in a liberal arts curriculum. This program also has a high attrition rate (of the initial freshmen awardees only 44 percent renewed for a second year). Legislation enacted in 1995 (Chapter 95-392, L.F.) clarifies the focus of the program. Beginning in 1997-98, awards will be targeted for students in a recognized two-plus-two (tech prep) program or one identified by the Occupational Forecasting Conference as providing high wage opportunities. While merger of the two merit programs does not appear warranted, further refinement of their respective objectives and criteria is appropriate. The impact of recent action of the Legislature should be assessed before major changes are made. However, reducing the maximum Gold Seal award length from 8 semesters to 4 semesters would be more in keeping with the typical length of vocational training.

98 percent of the 4,775 students receiving Gold Seal awards in 1994-95 attended colleges and universities.

Recommendation 5 - Limit the Gold Seal award to a maximum of 4 semesters. Allow transition into the Undergraduate Scholars Program for those students who meet the renewal requirements for the latter program (e.g., 3.2 GPA for 24 Semester Credit Hours).

Work programs represent an important source of self-help for students.

Work Study Program. The need-based Florida Work Study Program (FWSP) represents the merger of the College Career Work Experience Program and the Public School Work Experience Program as recommended in the 1991 study. Given the uncertain future for grant aid (e.g., a current congressional

proposal would eliminate the State Student Incentive Grant) and increasing dependence on loans, work programs represent an important source of self-help for students.

Recommendation 6 - Eliminate the requirement that only non-profit institutions may participate in the Florida Work Study Program, contingent upon the provision of additional funds to cover increased student eligibility. Expand the program to include all institutions eligible to participate in the Florida student assistance grant programs.

When the two work study programs were merged, a provision was included requiring that 25 percent of the funds available be spent in the public schools. This was necessary to avoid a disruptive impact on students who at that time were still participating in the Public School Work Experience Program. Now that the programs have been merged for three years, the need to continue this percentage allocation is not clear, and attempting to maintain it is an administrative burden at both the state and institutional level.

Recommendation 7 - Eliminate the statutory requirement that 25 percent of the Florida Work Study Program funds be spent in the public schools.

Half of the financial aid programs administered by the Department have fewer than 100 participants.

Programs for Specific Populations or Purposes. The 1996-97 budget request of the Department includes 29 scholarship and grant programs. Fourteen of these programs are extremely small (fewer than 100 participants) and in 1995-96 distributed approximately 294 awards in total. A review of the eligibility criteria (Table 2) used for these programs reveals little consistency. While each of these programs was established for a particular group (e.g., Seminole and Miccosukee Indians, Rosewood descendants) or objective (e.g., access to occupational/physical therapy training), establishment of some common eligibility criteria in terms of minimum grade point average and financial need is worth exploring. Harold Hodgkinson and others have noted that as more children are born of parents of split races and ancestries, economic need will be the greatest single common denominator for targeting the state's limited financial aid resources. Common eligibility criteria would also assist in the administration of these programs as OSFA moves to a single data base and limited number of application forms. This would also help assure that those students most able to benefit from state assistance will do so. One exception should be noted. Although the Florida Resident Access Grant Program is administered by the Office of Student Financial Assistance, the statutory authority for the program states, "it is the intent of the Legislature that the Florida Resident Access Grant Fund not be considered a financial aid program but rather a tuition assistance program for its citizens."

Recommendation 8 - Require all state funded student aid programs to adopt minimum academic and financial need standards for eligibility. The only exception to this policy should be the Florida Resident Access Grant which has been declared by the Legislature to be tuition assistance rather than financial aid.

While each of these special programs addresses an important objective, the administrative burden placed on the Department for each additional program can be significant regardless of how many students are involved. For example, in 1995-96 two Nicaraguan/Haitian Scholarships were awarded. Yet, the Office of Student Financial Assistance had to publicize the program, design and process application forms, notify unsuccessful applicants and perform all other functions required for any financial aid program. Since the cost of administration is not included in the appropriation for this program it has to be absorbed by OSFA. The Legislature, OSFA and the Department of Education have decentralized some programs. For example, the candidates for Mary McLeod Bethune Scholarships are recommended by participating institutions and simply provided funds by OSFA. In this same vein, candidates for Rosewood Scholarships could be identified by the Rosewood Council, which is better equipped to determine and document eligibility.

Recommendation 9 - Wherever appropriate, the Legislature and the Department of Education should decentralize the administration of the special purpose/special population aid programs to assure that they are handled as efficiently as possible.

Recommendation 10 - Before any new state financial aid program is created, its objectives should be reviewed by the State Board of Education and the Florida Council of Student Financial Aid Advisors to determine if they can be addressed through existing programs. A minimum of two years should be provided for planning and implementation of any new aid program and the cost of administering the program should be identified and included in the appropriation.

New Financial Aid Data Base. OSFA is currently developing an integrated data base that will contribute greatly to the consolidated administration of all state financial aid programs. At present, the 29 programs are each administered through separate data bases. Planning and analysis for the new system have been completed. The design, programming and conversion phases will take place over the next two years. When complete, the new data system will permit integrated applications, processing, eligibility determination, award packaging, reporting and transfer of funds. For example, currently there are 30 separate applications for the programs administered by OSFA. Under the new system a total of 5 applications are planned. The new system will also

assist in program analysis and evaluation and provide ready access to the following types of data: demographics, need analysis, high school academic performance, and SAT/ACT, GED, and CLAST scores. This new system will also complement such existing Commission initiatives as the Postsecondary Finance Simulation Model and the evaluation of the progress of College Reach-Out Program (CROP) participants.

Recommendation 11 - The Office of Student Financial Assistance and the Department of Education should place high priority on the timely completion and implementation of the integrated data base for all state student aid programs.

Issue - Budget Request Procedures

The current procedures used by OSFA to develop the budget request are straight-forward and based on the most recent applicant and award data available. For example, in the student assistance grant programs the initial request formula took into account growth in recipients from the prior year and the percentage of the maximum allowable award disbursed. This approach would have increased the appropriation by $16 million from $28 million to $44 million (Table 3). However, the Department's final budget submission essentially held all programs at their current level. While this will impact all programs, the need-based programs are projecting the greatest increase in eligible applicants and will consequently experience the greatest erosion in individual student award values.

Recommendation 12 - Student aid budget requests should be based on the current OSFA methodology taking into account the maximum award level authorized by the Legislature for each program.

The 1996-97 request includes $46 million for the State's two major merit programs and $37.3 million for the three major need-based programs. While some merit awardees are also eligible for need-based aid, their participation is limited. In 1993-94, 11 percent of the Undergraduate Scholars and 14 percent of the Vocational Gold Seal awardees received a Florida Student Assistance Grant (Figure 2). This emphasis on merit aid conflicts with current statutory policy calling for state aid to be primarily need based (s. 240.437 (2), F.S.).

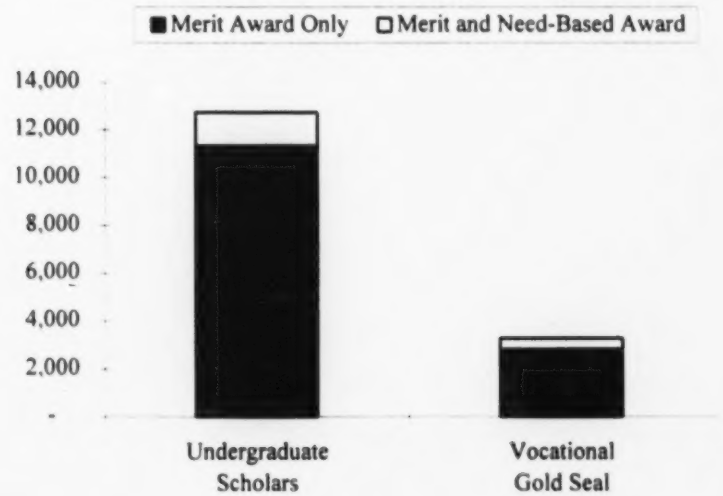
Recommendation 13 - Curtail further increases in the merit programs or increase need-based aid until state funding for student financial aid is again in conformity with the provision of s. 240.437(2), F.S.

The current 10 percent tuition differential recommended by the Board of Regents will require approximately $3.8 million in additional need-based aid.

The Commission's Finance Simulation Model incorporates Florida family income data collected for the 1993 study, ***How Floridians Pay for College***, and can estimate the impact of tuition increases and other factors on the future demand for student aid. For example, the model projects that the current 10 percent tuition differential recommended by the Board of Regents will re-

FIGURE 2

STUDENTS IN FLORIDA POSTSECONDARY EDUCATION RECEIVING STATE MERIT AID AND STATE NEED-BASED AID, 1994-95



In 1993-94, only 11% of Undergraduate Scholars recipients also received the need-based FSAG. The figure was 14% for Vocational Gold Seal recipients.

Source: Office of Student Financial Assistance.

quire approximately $3.8 million in additional need-based aid to avoid a negative impact on student access. This could be provided from the additional $23.5 million the differential fee is projected to generate in its first year or from state or federal financial aid. The Florida Prepaid Tuition Program continues to be an important tool for assisting students and families in preparing for future tuition increases.

Recommendation 14 - State university and community college systems' budget requests should estimate the impact of potential or proposed increases in student charges on access and identify the appropriate source and level of funds to address this impact. Universities requesting tuition differential authority should earmark an appropriate amount of the potential fee revenue for need-based financial aid based on available projections of the impact of the fee increase.

Issue - Distribution of Student Aid

The Committee considered three areas related to this issue - (1) the criteria used to determine award eligibility, (2) the level of award and, (3) the method of administering the distribution of awards.

Award Criteria. While recognizing the importance of both need and merit programs, the Commission has repeatedly expressed concern over the grow-

ing imbalance between these two forms of aid. Rather than pit one against the other, an alternative approach would be to incorporate academic criteria in the need-based programs and at the same time add a needs test to the State's merit programs. The former would help assure that students are prepared to benefit from postsecondary education. Table 4 displays other states which have taken this approach. Qualifying high school grade point averages range from 2.0 in Louisiana to 3.19 in California. While the Florida student assistance grant requires a 2.0 GPA for renewal, there is no minimum GPA for initial eligibility. With regard to the inclusion of a needs test for merit awards, Table 4 indicates that this is currently the practice in Arkansas, Kansas, Michigan, and New Mexico. Georgia's recently created HOPE Scholarship (Helping Outstanding Pupils Educationally), which combines merit and need, has a family income ceiling of $100,000. In ***How Floridians Pay for College***, the Commission found that 17 percent of the dependent students/families surveyed whose family income exceeded $65,000 were receiving state grants, primarily through the Undergraduate Scholars Program.

Recommendation 15 - Include an academic requirement in the State's need-based programs that is not less than the minimum academic requirement for entrance into public postsecondary education.

Recommendation 16 - Include a financial needs test in the State's merit programs (either the Federal Methodology, which takes into account both assets and income, or an alternative such as an income ceiling established at the state level).

The general requirements for student eligibility for state financial aid (s. 240.404, F.S.) include "participation in college-level communication and computation skills testing program." Until recently, this testing program was the College Level Academic Skills Test (CLAST). However, the 1995 Legislature authorized the use of several alternatives to CLAST including nationally standardized examinations, the college placement test and achievement of a specified grade point average in selected high school or college level courses (Chapter 95-411, L.F.). One of the primary motivations behind requiring CLAST for financial aid eligibility was to provide a lever for encouraging participation by the independent sector in the testing program. The objective was to broaden the base which could be used to gauge both institutional and student performance at the postsecondary level. The new legislation does not go into effect until January, 1996 and its potential impact on CLAST participation has yet to be determined. However, it is reasonable to expect some decline in the number of students opting to take the CLAST. In fact, the legislation states that it is..."the intent of the Legislature that other measurement alternatives take precedence over the use of the CLAST as an assessment measure." Given these circumstances, it is not clear what purpose is

It is not clear what purpose is served by continuing to require participation in the CLAST for financial aid eligiblity.

served by continuing to require participation in the CLAST for financial aid eligibility.

Recommendation 17 - Eliminate the requirement that students participate in the college-level communication and computation skills testing program as a condition for state financial aid eligibility.

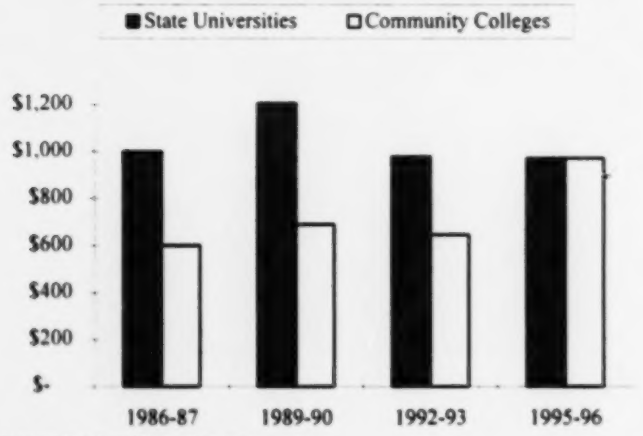
Grant aid has a significant impact on reducing drop-outs, particularly in the first year.

Award Levels. While not directly addressed by the current review, student indebtedness is a critical concern in Florida, as elsewhere. Between 1990 and the present, annual student loan volume in Florida has roughly tripled from $168 million to over $500 million. In 1991, the Statewide Task Force on Student Financial Aid recommended increasing the level of grant and scholarship awards during the first two years of college as a way to reduce dependence on loans. This strategy has been recommended by the Education Commission of the States and others as a way to increase minority enrollment and persistence. A recent report by the General Accounting Office, ***Restructuring Student Aid Could Reduce Low-Income Student Dropout Rate*** (March, 1995), indicates that grant aid has a significant impact on reducing drop-outs, particularly in the first year. An additional $1,000 grant reduced the drop-out probability by 23 percent for low income students (family income below $21,000). In comparison, loans did not have a statistically significant effect for this group. Among the state administered scholarship and grant programs, the student assistance grants have experienced the greatest erosion in value. For example, in 1995-96 the maximum award for the state universities was $972, $28 lower than the maximum award in 1986-87 (Figure 3).

FIGURE 3

MAXIMUM FLORIDA STUDENT ASSISTANCE GRANT AWARD LEVELS FOR STUDENTS ATTENDING STATE UNIVERSITIES AND COMMUNITY COLLEGES, 1986-87 TO 1995-96

The maximum FSAG award for students in state universities has decreased over the last decade.



Source: Office of Student Financial Assistance.

Administration. A continuing debate in Florida has focused on whether the major grant programs should be centrally administered at the state level or decentralized and handled by the institutions. Proponents of the existing centralized approach point to consistency in application of eligibility standards and the ability to respond to enrollment shifts among the sectors. Supporters of a decentralized approach cite reduced paperwork and faster response time when a student's status changes. Throughout the country there is no clear preference. According to the 1994 survey of the National Association of State Scholarship and Grant Programs (NASSGP), 22 states have decentralized grant programs while the remainder are centralized. One exception worth noting is California which makes initial grant awards centrally while renewals are handled at the institutional level. This has been done successfully for about four years and has resulted in reduced administrative cost at the central office while improving responsiveness to students at the campus level. For example, all student appeals regarding awards are handled at the campus level. OSFA has made improvements in recent years in reducing the amount of time required for award processing, and current plans for electronic fund transfer and the integrated data system should also help.

Recommendation 18 - Increase the actual maximum award in each of the student assistance grant programs for the first two years of eligibility with a corresponding decrease in value during the last years. The specific adjustment should not exceed the actual cost of tuition and mandatory fees and should be determined by the Office of Student Financial Assistance in cooperation with the Council of Student Financial Aid Advisors. Maintain centralized award systems for new Student Assistance Grant applicants but decentralize renewals.

Issue - A New Initiative

During the course of this review, comments were made regarding the possibility of Florida establishing a program similar to Georgia's HOPE scholarship. This would represent a significant modification to Florida's current approach to financial aid administration, but it is worth considering.

A significant modificiation to Florida's current approach to financial aid administration.

The HOPE Scholarship was created concurrently with Georgia's lottery in 1993 and was one of three uses specified for the lottery proceeds earmarked for education. The other two targeted areas were pre-K education and technology for K-12 education. The HOPE program provides support for Georgia residents to attend public and independent postsecondary institutions. Eligibility criteria are a 3.0 high school grade point average in the college preparatory track or 3.2 in any other curriculum track, and family income of less than $100,000 for the previous year. There was concern expressed during the initial year that the program would encourage grade inflation. According to the office administering the program, this has not been documented. The program provides a full tuition and fee scholarship and $100 per quarter for books

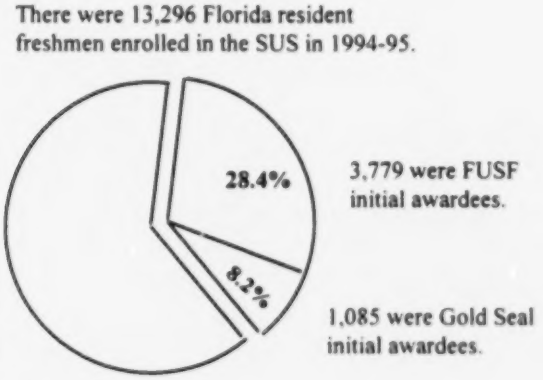
for students choosing public institutions. Students enrolling in independent institutions receive annual grants of $1500 which may be combined with a $1000 Tuition Equalization Grant (similar to our Florida Resident Access Grant). HOPE scholarships are also available for students attending Georgia public technical institutions as well as for GED recipients. The program is coordinated with Federal financial aid. Tuition and fee support is provided only to the extent that it is not covered by a Pell Grant. Approximately 30 percent of Georgia's high school graduates qualify for the program. As with Florida's merit programs, attrition is high - approximately 50 percent of the first year HOPE recipients fail to renew. Consideration is currently being given to allowing such students to have a second chance to meet the 3.0 GPA renewal criteria.

HOPE will pay for up to 190 quarter hours of postsecondary study (equivalent to approximately 128 semester hours) including remedial work. The 1995-96 budget for the program is $119 million and $150 million is requested for 1996-97.

Readily available Florida data can provide an estimate of the impact of such a program here. In 1992-93, approximately 25 percent of Florida's high school seniors had GPAs of 3.0 or higher. This same year, roughly 10 percent of the students had family incomes greater than $90,000, according to the sample surveyed for the 1993 Commission's study, ***How Floridians Pay for College***. The percentage with incomes greater than $100,000 would likely be considerably smaller, however, this cannot be calculated from the information available to the Commission. Simply multiplying 25 percent of 1994-95 high school graduates (25 percent x 90,311 = 22,578) by current university tuition and fees ($1,783) yields a rough first year implementation cost of $40,256,574. In comparison, the two existing merit programs, Undergraduate Scholars and Vocational Gold Seal, currently receive a total of $46 million which could be used to support the new program over time. A first year cost of $40.2 million is an admittedly high estimate since some students would choose lower cost community colleges. While attrition would reduce the overall cost, it would be safe to assume a fully phased in program costing at least what Georgia is expending and, given our larger population base, probably considerably more. There is appeal to such a program. It would provide a discrete, identifiable use of lottery revenues over and above current operating costs. It would address merit, and to some extent need, and could possibly be consolidated with at least the Undergraduate Scholars and Gold Seal Programs. Participation in these two merit programs is significant. In 1994-95, 36.5 percent of the Florida residents enrolling in the State University System as FTIC's received an award from one of these two programs (Figure 4).

FIGURE 4

UNDERGRADUATE SCHOLARS AND VOCATIONAL GOLD SEAL AWARDEES AS A PERCENTAGE OF FRESHMAN ENROLLMENT IN THE STATE UNIVERSITY SYSTEM, 1994-95


There were 13,296 Florida resident freshmen enrolled in the SUS in 1994-95.
28.4%
3,779 were FUSF initial awardees.
8.2%
1,085 were Gold Seal initial awardees.

Source: Office of Student Financial Assistance.

Of the 13,296 Florida resident freshmen enrolled in the SUS in 1994-95, over 36% received Undergraduate Scholars or Vocational Gold Seal merit awards.

On the negative side, cost is probably the greatest consideration. However, if the new scholarship were to be phased in over a four year period, there potentially would be time for the Legislature to buy back the necessary lottery funds which are now committed to other purposes. A possible title for such a program is the FIRST Scholarship (Florida's Initiative to Reward the Students of Tomorrow).

Recommendation 19 - If a new lottery funded scholarship is considered for Florida, it should be phased in over four years, include both need and merit criteria, provide for consolidation with the existing merit based programs, include external performance criteria such as standardized test scores in addition to grade point averages, and include components for all postsecondary sectors - technical, two and four year, public and independent.

CONCLUSION

With few exceptions, these recommendations do not require additional resources. Implemented collectively, they should result in the improved administration and delivery of state student financial aid. However, the future of student aid remains cloudy due to uncertainty at the federal level, increasing calls for restructuring and privatization at the state level, and competing demands for resources within postsecondary institutions. Ultimately, the success of whatever student financial aid programs are in place is dependent on the perseverance and dedication of students and families who seek access to postsecondary education. The extent to which their efforts can be rewarded will be a major factor in determining the future direction of our colleges, universities, and other postsecondary institutions in Florida.

APPENDIX A

TABLES

TABLE 1

FLORIDA STUDENT FINANCIAL AID PROGRAMS
UNENCUMBERED TRUST FUNDS BALANCE AS OF JUNE 30
1990, 1994, AND 1995

TRUST FUNDS	BALANCE 6/30/90 ACTUAL	BALANCE 6/30/94 ACTUAL	BALANCE 6/30/95 ESTIMATED	PROGRAM APPROPRIATION 1995-96
African & Afro Caribbean		278,657	279,094	151,570
Challenger School	1,857,497	844,643	1,421,200	100,000
Critical Teacher Shortage	5,135,499	7,003,007	6,915,537	2,646,795
Florida Work Experience/Career Work Experience*	69,306	282,337	280,715	599,243
Public Student Asst. Grant	2,418,463	6,767,249	6,734,982	28,676,316
Private Student Asst. Grant	258,724	1,830,708	1,819,828	6,935,779
Postsecondary Student Asst. Grant	168,358	339,453	337,205	1,712,798
Florida Undergraduate Scholarship	1,680,631	8,176,506	8,129,483	33,091,671
Latin-American/Caribbean		111,077	110,440	384,117
M. McCleod Bethune	366,382	343,332	333,132	747,282
Sem/Mic. Indian	52,602	88,330	87,823	61,040
Jose Marti	489,924	572,341	526,939	296,000
Vocational Scholarship		593,891	586,916	12,994,777
Public School Work Exp.*	72,077			
TOTAL	**12,569,463**	**27,231,531**	**27,363,294**	**88,397,388**

* *Now merged into the Florida Work Experience Program.*
Source: Office of Student Financial Assistance.

TABLE 2

ELIGIBILITY CRITERIA FOR SELECTED STATE SCHOLARSHIP AND GRANT PROGRAMS[1]

Program	Auth. Year	1995-96 Appropriation	Eligibility Criteria			
			General[2]	Min. GPA New	Min. GPA Renewal	Fin. Need
Afro-Caribbean Schol.	1989	151,570			Passing	x
Latin American/Caribbean Schol.	1984	384,117	x		2.0	x
Challenger Astronauts Schol.	1986	100,000[3]				
Deceased/Disabled Vets	1941	130,298	x			
Student Regent Schol.	1984	4,589				
State Bd. of Comm. Coll. Schol.	1990	4,589				
PEPC Schol.	1990	4,589				
Nicaraguan/Haitian Schol.	1989	8,681				
Sem./Micc. Indian Schol.	1963	61,040	x			x
Teacher Quest	1989	700,000				
Jose Marti Schol.	1986	296,000	x	3.0	3.0	x
Occup. & Phys. Ther. Schol.	1992	91,500	x		2.0	
Rosewood Schol.	1994	100,000	x			x[4]

[1]Programs with fewer than 100 participants in 1995-96.
[2]General requirements specified in s.240.404, or as specified by the agency responsible for administering the program.
[3]In 1992, program was consolidated with the Undergraduate Scholars Program (Chap. 92-144, L.F.) and will be phased out next year.
[4]Applicants who are not direct descendants of Rosewood families are ranked by need as determined by the Department of Education.

TABLE 3

FLORIDA DEPARTMENT OF EDUCATION
OFFICE OF STUDENT FINANCIAL ASSISTANCE
1995-1996 APPROPRIATIONS * 1996-1997 BUDGET REQUEST**

PROGRAM	1995-1996 APPROPRIATION	1995-1996 EST. AWARDS	1995-1996 MAX. AWARD	1996-1997 FULL FUNDING ESTIMATE	1996-1997 DEPT. LBR	1996-1997 EST. AWARDS	1996-1997 MAX AWARD
Fl. Resident Access Grant	$19,852,200	15,699	* 1200	$20,881,044	$19,256,634	15,399	$1,251
Afro-Caribbean Scholarship	$151,570	10	$15,000	$151,570	$151,570	10	$15,000
Prepaid Tuition Scholarship	$1,000,000	NA	NA	$1,000,000	$1,000,000	NA	NA
Vocational Gold Seal Scholarship	$12,994,777	7,287	$1,905	$21,450,516	$12,994,777	11,422	$1,138
Latin American/Caribbean Sch.	$384,117	16	$13,620	$384,117	$384,117	28	$13,620
Florida Undergraduate Scholars'	$33,091,671	14,451	$2,350	$36,314,020	$33,091,671	15,516	$2,200
Public Student Assistance Grant	$28,676,316	32,744	$972	$44,787,256	$28,760,908	35,396	$869
Private Student Assistance Grant	$6,935,779	6,502	$1,230	$9,232,840	$7,117,289	6,502	$1,216
Postsec. Student Assistanc Grant	$1,712,798	2,173	$943	$3,192,192	$1,716,785	2,934	$680
Challenger Astronauts Scholarship	$100,000	20	$4,000	$20,000	$100,000	5	$4,000
Deceased/Disabled Veterans	$130,298	67	** NA	$130,298	$130,298	67	** NA
Florida Work Experience	$599,243	290	$2,066	$1,000,000	$599,243	290	$2,066
Critical Teacher Shortage	$2,646,795			$2,846,000	$2,646,795		
Loan Forgiveness	$2,084,590	772	$5,000		$2,084,590	772	$5,000
Tuition Reimbursement	$562,205	1,406	$702		$562,205	1,406	$702
Florida Scholarship and Forgivable Loan	$1,814,800			$2,979,000	$1,814,800		
Chapple Scholarship	$972,000	243	$1,500		$972,000	243	$1,500
Forgivable Loan	$842,800	211	$4,000		$842,800	211	$4,000
Exceptional Child Scholarship	$109,212	156	$702	$172,158	$109,212	156	$702
Student Regent Scholarship	$4,589	1	$4,589	$5,000	$4,589	1	$4,589
State Bd. of Comm. Colleges Sch.	$4,589	1	$4,589	$5,000	$4,589	1	$4,589
PEPC Scholarship	$4,589	1	$4,589	$5,000	$4,589	1	$4,589
Mary McCloud Bethune Scholarship	$747,282	249	$3,000	$805,000	$747,282	265	$3,000
Nicaraguan/Haitian Scholarship	$8,681	2	$4,340	$10,000	$8,681		
Most Promising Teacher Scholarship	$920,000	174	$4,000	$220,000	$920,000	55	$4,000
Robert Byrd Scholarship	$1,315,500	735	$1,500	$1,659,000	$1,315,500	877	$1,500
Semi/Micc Indian Scholarship	$61,040	50	** NA	$61,040	$61,040	50	** NA
Teacher Quest	$700,000	NA	NA	$700,000	$700,000	NA	NA
Jose Marti Scholarship	$296,000	76	$2,000	$496,008	$296,000	76	$2,000
Occup and Phy Therapy Scholarship	$91,500	25	$4,000	$91,500	$91,500	25	$4,000
Rosewood Scholarship	$100,000	25	$4,000	$100,000	$100,000	25	$4,000
	$114,453,346	83,385		$150,700,559	$114,127,869	91,732	

* Maximum award of $1200 is specified in the appropriations act
** Maximum award is the amount of tuition and fees or an an amount set by the Indian tribes

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TABLE 4

MAJOR STATE FINANCIAL AID PROGRAMS WITH BOTH NEED AND MERIT CRITERIA

State/Program	Year Initiated	Max Award	Need Analysis S = State FM = Federal Methodology F = Modified Federal Methodology	Merit	Program Administration C = Centralized D = Decentralized
Arkansas Academic Challenge Scholarship	1991	$1,000	S	Sliding Scale e.g., 2.0 GPA, 25-36 ACT or 3.25 GPA, 15-16 ACT	C
California California Grant A B C	 1956 1969 1973	 $5,250 $6,660 $2,890	 FM FM FM	3.19 GPA (new) 3.47 GPA (renewal)	C (new) D (renewal)
Connecticut Scholastic Achievement Grants	1981	$2,000	F	Top 20% of class or SAT ≥ 1100	C
Kansas State Scholarships	1963	$1,000	FM	Top 20% of applicants Avg. ACT 30 Avg. GPA 3.91	C
Louisiana Incentive Grants	1972	$2,000	FM	2.00 GPA	D
Tuition Assistance Plan	1989	$2,631	S	High School Curriculum 2.5 GPA 20 ACT	C

TABLE 4 Continued

MAJOR STATE FINANCIAL AID PROGRAMS WITH BOTH NEED AND MERIT CRITERIA

State/Program	Year Initiated	Max Award	Need Analysis S = State FM = Federal Methodology F = Modified Federal Methodology	Merit	Program Administration C = Centralized D = Decentralized
Michigan Competitive Scholarships	1964	$1,200	F	ACT Total - 90 (Composite 23)	C
New Hampshire Incentive Program	1976	$1,000	FM	2.4 GPA	C
New Mexico Scholars Program	1989	$2,490	FM	Top 5% of class ACT ≥ 25 or SAT ≥ 1020	C
South Carolina Tuition Grant Program	1970	$2,890	S	Top 75% of class SAT ≥ 800	C
West Virginia Higher Education Grant	1968	$1,968 Private $1,428 Public $ 600 Out-of-State	FM	GPA x 12.5 added to ACT = Total score ≥ 50	C

Source: 1994 Annual Survey Report of the National Association of State Scholarship and Grant Programs.

APPENDIX B

EXECUTIVE SUMMARY OF THE STATEWIDE TASK FORCE ON STUDENT FINANCIAL AID

EXECUTIVE SUMMARY

The Student Financial Aid Task Force was convened by the Commissioner of Education in response to Chapter 90-302, Section 29, Laws of Florida. This law established the Florida Student Financial Aid Task Force and directed the Task Force to submit recommendations for the improvement of the state's student financial assistance programs. Specifically, the Task Force's responsibilities were to include, but not be limited to:

a) Recommendations on consolidating existing financial aid programs to simplify the application and award process by examining such concerns as differential application dates, duplication in paperwork, and lead-in periods for new financial aid legislation;

b) Assessment of the feasibility of electronic transfer of selected student record information;

c) Suggestions to reduce student loan indebtedness;

d) Recommendations on improving financial aid preservice and inservice staff training opportunities;

e) Assessment of the extent to which financial aid fees and fees from the Educational Enhancement Trust Fund are used to offset student loan indebtedness.

f) Development of a pilot project to implement a decentralized student assistance grant program among a sample of community colleges and state universities, if that is the recommendation of the Auditor General.

The Task Force was directed to submit a report and recommendations to the President of the Senate and the Speaker of the House of Representatives on or before February 1, 1991, and was to be abolished immediately thereafter.

The composition of the Task Force (see Appendix A) was set at 13 members appointed as follows:

- One lay person appointed by the Governor;
- One lay person appointed by the President of the Senate;
- One lay person appointed by the Speaker of the House of Representatives;
- Two representatives of the Florida Council of Student Financial Aid Advisors appointed by the Commissioner of Education;
- Two representatives of the State University System appointed by the Board of Regents;
- Two representatives of the State Community College System appointed by the State Board of Community Colleges;
- Two representatives of independent colleges or universities appointed by the State Board of Independent Colleges and Universities;
- One representative of the Postsecondary Education Planning Commission appointed by the chairman of the Commission; and
- One student who is a recipient of a Florida Student Assistance Grant program appointed by the Commissioner of Education.

The Task Force met initially in August 1989 and completed its work in January 1991. During the intervening months, the members met monthly for full-day working sessions. In total, the Task Force met for discussion and public hearings on seven occasions. Announcements of these meetings were disseminated to the postsecondary education community in general and specifically to the student financial aid offices of the public and private higher education institutions in the State. Throughout the work of the Task Force, there was significant participation from a wide variety of interested parties. Representatives from community colleges and universities, state coordinating and governing boards for postsecondary education, private institutions, legislative staff, and other state agencies were involved in the collection and discussion of information

relative to this report. This document is a truly collaborative effort and the Task Force expresses its appreciation to staffs of the Office of Student Financial Assistance, the State University System, the Community College System, the Postsecondary Education Planning Commission, and the Auditor General's Office, as well as to legislative staff, the Council of Student Financial Aid Advisors, and numerous public and private postsecondary education financial aid administrators. Staff support for the Task Force provided by the Department of Education, particularly from the Office of Student Financial Assistance, was most valuable.

The creation of the Task Force comes at a time when both higher education in general and student financial aid in particular are undergoing increased scrutiny at all levels. The kinds of financial aid and the amounts of aid are major concerns in Florida as well as nationally. Financial aid has long been considered a key component to access to higher education. Yet, meeting the costs of a college education has become a major challenge for a significant portion of the population. For many students and their parents, paying for college will be the second largest single expense they will face in their lifetime. An increasing number of students are finding the rising costs of higher education to be a deterrent to choice, if not to access. Tied to access is financial responsibility and student indebtedness. Students who do not have a clear understanding of financial aid alternatives may opt for loans if they do not know that grants and scholarships are available.

In light of the various tasks assigned to the Task Force, it attempted to better understand the complexity and extent of aid programs as well as the dollars spent in recent years. Total student financial aid represents a compilation of funds from diverse sources. There are numerous financial aid programs available to Florida students through state, institutional, and private sources

as well as through federal programs. Primary responsibility for the administration of state and a few federal student financial aid programs rests with the Office of Student Financial Assistance (OSFA), although many other programs are administered at the institutional level. The amounts involved--in terms of dollars awarded, numbers of students served, and numbers of programs--are significant. The Task Force further examined these data by the distribution of type of financial aid: scholarships, loans, grants, employment.

Finally, the Task Force was directed to develop a pilot project to implement a decentralized Student Assistance Grant program if that were the recommendation of the Auditor General's program and financial audit. The Auditor General's report found program inefficiencies resulting from the existing processes but recommended retaining the Florida Student Assistance Grant Program's current centralized administration. In light of this recommendation, the Task Force did not consider further the legislative directive concerning a pilot program.

The Task Force report is presented in individual chapters devoted to the tasks delineated in the enabling statute. Each chapter contains background information relevant to the specific task and recommendations with supporting rationale for each. Major findings and subsequent recommendations call on several entities to assist in the improvement of Florida's student financial aid programs, among them are the Department of Education, the Office of Student Financial Assistance, the Florida Council of Student Financial Aid Advisors, the Board of Regents, the State Board of Community Colleges, and all postsecondary institutions.

Financial Aid Program Consolidation

The enabling statute directed the Task Force to make recommendations on consolidating existing financial aid programs to simplify the application and award process by examining such concerns as differential application dates, duplication in paperwork, and lead-in periods for new financial aid legislation. As a result of its assessment, the Task Force believes that the current proliferation of aid programs does not appear to conform to the comprehensive plan for student aid programs as required in statute. In addition, the Task Force believes that the large number of financial aid programs has diluted their effectiveness, serving neither the State, colleges and universities, nor the students of Florida, as well as fewer, better funded programs might.

The Task Force is also concerned that the multiplicity of programs is confusing to students, high school guidance counselors and financial aid administrators. It is difficult to adequately train staff for all the available options, individual program requirements, and the distinctive features and benefits of each program. As a result, students are often improperly or inadequately counseled about the available options and may not receive the guidance necessary to determine which programs best suit their needs and career goals or to understand the ramifications of receiving such aid. This is of particular concern in the area of scholarship loans where students may not realize their potential loan indebtedness or the effect that accepting this type of aid may have on eligibility for other aid programs.

The Task Force believes that state support of financial aid programs is vital and that there should be balance between assistance based primarily on financial need, academic merit, and programs

to recruit students to areas of study corresponding to state manpower or other special needs. Programs developed and supported by the state should be as few as necessary to meet those needs and funded sufficiently so they are viable and attract and retain the population for which they were designed. Additionally, ongoing analysis of financial aid program effectiveness is important.

Recommendations:

1. **Sections 240.4068, 240.4062, 240.4066, and 240.408, F.S., should be revised to consolidate the following programs into one teacher scholarship loan program with a single application: the "Chappie" James Most Promising Teacher Scholars Aid Program, the Critical Teacher Shortage Scholarship Loan Program, the Masters' Fellowship Loan Program for Teachers and the teaching portion of the Challenger Astronauts Memorial Undergraduate Scholarship Program. This single program should be targeted to students enrolled in an upper division degree program in teacher education and those enrolled at the masters and doctoral levels in teacher education programs.**

2. **To commemorate the contributions of those who gave their lives in the Challenger shuttle disaster, the top students in the State eligible for the new Teacher Scholarship Loan Program awards should be designated as "Challenger Astronauts Memorial Teacher Scholars" and awarded larger scholarships than other teacher scholarship loan recipients.**

3. **Sections 240.604, F.S., and 240.60, F.S., should be revised to eliminate the Public School Work Experience Program (PSWEP) by incorporating the major provisions of the program with the College Career Work Experience Program (CCWEP).**

4. **Sections 240.403, F.S., should be revised to allow funds designated for the Ex-Confederate Scholarships to be transferred to the Daughters of the Confederacy to administer as they deem appropriate.**

5. **Section 240.408, F.S., should be revised to combine the liberal arts portion of the Challenger Astronauts Memorial Undergraduate Scholarship Program with the Florida Undergraduate Scholars Fund. The top Florida Undergraduate Scholars intending to major in the liberal arts fields should be designated as Challenger Astronauts Memorial Scholars and awarded at least $4000 per academic year.**

6. Section 240.413, F.S., should be revised to allow funds designated for the Seminole and Miccosukee Indian Scholarship fund to be transferred to the tribes to administer as they deem appropriate.

7. The legislative staff analyses prepared by House and Senate Education Committee staff during the development of a bill to create a new state financial aid program should include, but not be limited to, consideration of the questions detailed below:

   a. Why is the program needed?
   b. Why are existing programs not meeting this need?
   c. Can an existing program be modified to meet this need?
   d. How much will it cost in program outlays when fully operational?
   e. How much will it cost to administer at the state and institutional levels and how will this cost be funded?
   f. How would receipt of funds from this program affect the student's eligibility for other sources of aid, including federal, state or institutional?
   g. Why would this program be of more benefit to the recipients than other programs for which they may have qualified?

8. The Florida Council of Student Financial Aid Advisors should monitor legislation concerning student financial aid and submit comments to the appropriate legislative committee.

9. Section 240.421, F.S., should be revised to expand the advisory responsibilities of the Florida Council of Student Financial Aid Advisors to include serving in an advisory capacity to the Legislature.

10. The State should eliminate the Florida Student Tuition Scholarship Grant Program and future funding contemplated for this program should be transferred to the Florida Student Assistance Grant Program.

11. A minimum two-year lead-in time should be provided prior to the implementation of any new financial aid program.

12. Section 240.402, F.S., should be revised to eliminate student application forms for the Florida Undergraduate Scholars Program. The deadline to meet the academic eligibility criteria should be changed to the end of the first semester grading period of the student's senior year; however, provision should be made to make awards to students who qualify in the second grading period.

13. **The Department of Education should allow institutions to draw funds or request allocations not to exceed pre-determined funding levels for the Florida Student Assistance Grant and Florida Undergraduate Scholars Programs.**

14. **The Florida Student Assistance Grant Program should be forward-funded.**

15. **Any Florida Student Assistance Grant funds remaining at the end of the fiscal year should be utilized to make up shortfalls in years when commitments exceed the appropriation. This will help assure that FSAG commitments to students are met and alleviate the need for reduced or supplemental awards.**

16. **Sections 240.409, 240.4095, and 240.4097, F.S., should be revised to reduce the number of categories of eligible students for the Florida Student Assistance Grant Programs.**

Electronic Data Transmission

The electronic transmission of student records became a statewide policy with the implementation of the Florida Information Resource Network (FIRN). The FIRN network electronically connects all secondary and postsecondary public institutions in Florida and makes feasible the electronic transfer of records. A number of reports and student records are already being sent and received over the FIRN network, including academic transcripts. However, few of the 91 postsecondary institutions in Florida who participate in state financial aid programs are all equipped to fully utilize electronic transfer opportunities through FIRN. In the totally automated environment, all information would be transmitted and stored electronically.

The Task Force found that electronic data transmission of financial aid information in Florida is both feasible and desirable. The State has a strong interest in supporting efficient and effective

automation in postsecondary institutions, and the financial aid community concurred that converting reporting and other procedures/recording keeping requirements to an electronic system would be a significant benefit. However, such conversions will require additional resources for start-up and maintenance costs at the state and local level.

The Task Force also believes that the single, common data base project initiated by the Office of Student Financial Assistance should be reinforced and completed as soon as possible. The report delineates several items for inclusion in this data base.

Recommendations:

17. **The Articulation Coordinating Committee should pursue implementation of the electronic transmission of student financial aid records.**

18. **The State should create incentives to encourage public and private postsecondary institutions to implement and maintain fully automated Financial Aid Offices.**

19. **The State Board of Community Colleges should provide the assistance necessary to facilitate the automation of financial aid offices to see that the systems and procedures implemented by the community colleges are compatible with the State Office of Student Financial Assistance.**

20. **The State Office of Student Financial Assistance should be provided resources to continue developing a single, common data base that includes all state programs.**

21. **The Florida Council of Student Financial Aid Advisors should provide input and feedback for the data base.**

Student Indebtedness

The Legislature directed the Task Force to examine student indebtedness from two perspectives. First, the Task Force was to provide suggestions to reduce student loan indebtedness; second, the Task Force was to make an assessment of the extent to which financial aid fees and fees from the Educational Enhancement Trust Fund are used to offset student loan indebtedness.

The prospect of high student indebtedness inhibits access to postsecondary education, it limits individual economic growth, and it inhibits state and national economic growth. Although, the Task Force attempted to document recent trends in student grants and loans in Florida, accurate information was not available from all grant and loan sources to determine with confidence and precision the movement in grants as opposed to loans for student financial aid purposes.

In order to understand the magnitude of student indebtedness and define specific state policies and activities to stabilize or lower the indebtedness level to an acceptable point, complete, accurate data must be available in a timely manner. This obviously represents a tremendous commitment to data collection and analysis. If specific guidelines are developed and computer programming created or modified, it should be possible for most of the sector coordinating and governing boards to extract the necessary data from their student data bases. Until these steps are taken, however, the State will continue to work with a fragmented understanding of student indebtedness.

The Task Force agreed that, for various reasons, loans have comprised an increasing and alarming proportion of student financial aid packages for students in Florida's postsecondary institutions.

Among the contributors to the increased reliance on loans are rising college costs, students enrolling for a minimal number of credits each semester, inadequate funding for grants and scholarships, lengthy programs of study, reduced work ethnics, increased cost of living, and relative ease of securing loans.

Florida's existing financial aid policy recognizes that the interests of the State would best be served through aid programs which support primarily students with financial need:

> The objective of a state program is the maintenance of a state student financial aid program to supplement a basic national program which will provide equal access to postsecondary education to citizens of this state who have the ability and motivation to benefit from a postsecondary education. In the development of a state program to achieve this objective, it shall be the policy that state student financial aid be provided primarily on the basis of financial need. (Section 240.437, (2), Florida Statutes)

In recent years, however, the proportion of all state funds for financial aid programs devoted to need-based aid has not kept pace with the proportion for non-need-based programs. The Task Force was deeply concerned with the gap between state financial aid policy and state action in the appropriation of student financial aid dollars between need- and non-need-based programs. Florida has followed recent national trends showing that student loans have become an important means by which student financial assistance is delivered.

In addition to the statutory directive to develop recommendations on reducing student indebtedness, the Task Force was asked to assess the extent to which student financial aid fee dollars and funds from the Educational Enhancement Trust Fund are used to offset student loan

indebtedness. Statutes allow state universities and community colleges to collect up to five percent of the student tuition and matriculation fee per credit hour for financial aid purposes. The Board of Regents was also appropriated approximately $10 million in 1990-91 from Educational Enhancement Trust Fund moneys for financial aid purposes.

Data received from the State University System and the Community College System indicate that at the systems level the institutions are in compliance with statutory requirements on the use of financial aid funds for aid awards based on absolute need. There is little information available, however, to assess the extent to which the student financial aid fee dollars and funds from the Educational Enhancement Trust Fund are used to offset student loan indebtedness. For example, there are no data to indicate how many students did not pursue loans because of aid from fee or lottery moneys. Institutional representatives indicated that financial aid fee moneys are used to award grants which should reduce reliance on loans to the extent that these grants are awarded to needy students.

Recommendations:

22. **The Board of Regents and the State Board of Community Colleges should analyze their constituent institutions' financial aid packaging policies and practices in the context of student loan indebtedness.**

23. **The Board of Regents and the State Board of Community Colleges should coordinate with their institutions to utilize all available data bases and student surveys to assess the relationship between aid from financial aid fees and Educational Enhancement Trust Fund moneys and student educational loans.**

24. **The State should carefully examine the current allocation of funds between need- and non-need-based student financial aid programs to determine if the state's financial aid policy that student assistance be provided primarily on the basis of financial need is being met.**

25. **Existing reporting requirements in Section 240.424(5), F.S., concerning the Department of Education biennial analysis of financial aid moneys should be prepared as a report and distributed to the postsecondary education community.**

26. **In addition to the current emphasis in state policy on need-based aid, state student financial aid policy should also provide for increased support at the freshman and sophomore levels. Major state grant and scholarship programs should allow for higher funding levels during the first two years of college accompanied by somewhat reduced levels during the last two years of a bachelor's degree program.**

27. **The State should increase the appropriation for work/study programs and provide more flexibility in the use of these funds for on-campus employment.**

28. **The Department of Education, postsecondary institutions, and school districts should provide more counseling and financial aid awareness to students and parents.**

29. **The State should continue to strongly encourage families to build a plan for higher education into their children's futures by participating in savings programs that will reduce the need for indebtedness.**

Preservice and Inservice Staff Training

The delivery of financial aid is a complicated process, and the aid administrator must perform myriad tasks which may vary from one institution to another. The fundamental responsibilities of the financial aid office are to communicate the availability of financial assistance to various publics; to deliver financial aid to qualified students in a timely and efficient manner; and to distribute limited resources in ways that will best promote the institutional mission. The aid

administrator must act as custodian and steward of large sums of money and must exercise fiduciary responsibility on behalf of his or her institution.

The emerging professional financial aid administrator must possess or acquire a unique combination of skills in order to function effectively. He or she must have good administrative skills to manage the funds, paper flow, personnel, and operating budgets; must have a high level of technical competence in areas such as interpretation and administration of program regulations, need analysis, packaging, and legislative processes; and must also be skilled in working with people individually and collectively to facilitate the delivery of aid to students who expect their applications for aid to be processed in a timely, confidential, and consistent manner.

Understanding the complexities of the financial aid delivery process requires an ongoing, systematic, and comprehensive program of professional development. The wide variety of inservice training opportunities for aid administrators is sufficient for these personnel to gain a general understanding of the work to be performed. The primary obstacles to using available resources are inadequate levels of funding for travel or materials, an insufficient number of staff to provide release time, and a lack of commitment on the part of the institution to make training and staff development a priority. Additionally, for new aid administrators, there is very little in the way of preservice training. Formal degree-seeking training programs are still very rate in financial aid administration.

Yet, the State has a vested interest in the manner in which financial aid programs are administered to ensure that the aid programs function with efficiency and integrity and that sound fiscal

practices and reporting requirements are followed. Appropriate provisions for training may prevent unfavorable program reviews and audits that disclose mismanagement of the resources entrusted to the aid administrator and result in a loss of funding for the students as well as the institution.

Recognizing the complexity of the tasks carried out by financial aid offices, the need for better accountability of state funds, and the importance of highly trained and well-educated aid administrators, it is recommended that specific courses in financial aid administration be developed at the graduate level. The Task Force also discussed the issue of state certification or licensure of and minimum academic performance criteria for financial aid administrators. This issue has been addressed by the state, regional, and national Associations of Student Financial Aid Administrators, and it has received mixed reviews with respect to implementation and enforcement. Because of the need to provide more and better information to students while they are still in high school, it is recommended that the question of certification be considered also for secondary school counselors and teachers in all public high schools in the State. Prospective secondary school counselors would be encouraged to take formal coursework in financial aid administration and/or to participate in some form of continuing education in areas related to student financial aid.

Recommendations:

30. The State should expand grant and scholarship financial aid opportunities for graduate students.

31. **The Legislature should fund an adequate number of positions in the Office of Student Financial Assistance to enable the agency to carry out essential staff training activities.**

32. **The Office of Student Financial Assistance, in consultation with the Florida Association of Student Financial Aid Administrators, should conduct a comprehensive assessment of the training needs in the State and plan training activities to address the needs that are not being met.**

33. **The Office of Student Financial Assistance should provide assistance in improving the use of computer technology in the financial aid delivery system for colleges and universities that participate in state financial aid programs.**

34. **The Department of Education should establish staff training and professional development grants to increase the proficiency of institutional and state financial aid administrators in all aspects of financial aid and to make these grants available to institutions that participate in state financial aid programs.**

35. **The Department of Education should study the feasibility and the practicality of requiring aid administrators in postsecondary institutions to be certified or licensed by the State of Florida.**

36. **The Board of Regents, in consultation with the Florida Association of Student Financial Aid Administrators, should encourage the Colleges of Education at the state and private universities to develop graduate level courses, as well as continuing education programs, pertaining to financial aid administration.**

37. **The Office of Student Financial Assistance should prepare a manual on the State of Florida student financial aid programs for distribution to all institutions that participate in state programs.**

38. **The Department of Education should prepare an audit manual on the State of Florida student financial aid programs for distribution to all institutions that participate in state programs.**

FLORIDA DEPARTMENT OF EDUCATION
Frank T. Brogan
Commissioner of Education

July 14, 1995

MEMORANDUM

TO: Pat Dallet

FROM: Liz Sweeney

SUBJECT: Status Update on Consolidation of State Student Assistance Programs

The following addresses the status of each of the sixteen consolidation recommendations made by the Statewide Task Force on Student Financial Aid.

1. It was recommended that Sections 240.4068, 240.4062, 240.4066, and 240.408, F.S., be consolidated into one teacher program with one application. The single program was to target upper division and graduate degree programs of study in teacher education programs.

   Sections 240.4068, 240.4062, and 240.4066, The "Chappie" James Most Promising Teacher Scholarship Loan, Critical Teacher Shortage Scholarship Loan Program, Masters' Fellowship Loan Program for Teachers were revised and consolidated into the Florida Teacher Scholarship and Forgivable Loan Program (FTSFLP). There is one application form for the program. The FTSFLP provides a two-year $1,500 scholarship to one student per Florida high school who has through high school shown an interest in teaching. Students in teacher preparation programs at the upper division level may receive $4,000 forgivable loans for two years. Students in graduate teacher preparation programs may receive $8,000 forgivable loans for two year.

2. It was recommended that Section 240.408, F.S., Challenger Astronauts Memorial Undergraduate Scholarship Program, provide larger scholarships to students enrolled in teacher education programs. It was also recommended in # 5 that this program be used to increase the awards given to liberal arts majors through the Florida Undergraduate Scholars Fund.

   Section 240.408, F.S., provided for only 20 new $4,000 awards per year. The Challenger Scholarship was amended to be included in the Florida Undergraduate Scholars' Fund program to award an extra $1,500 to the top recipient from each county.

3. It was recommended that 240.60 and 240.604, F.S., The College Career and the Public School Work Experience Programs, be consolidated.

   Sections 24.060 and 240.604 were repealed.. Section 240.606, F.S., Florida Work Experience Program represents the provisions of each of the former programs.

4. It was recommended that Section 240.403, F.S. be transferred to the Daughters of the Confederacy.

   This has been accomplished

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5. See response to # 2.

6. Funds for the Seminole and Miccosukee Indian Scholarship fund should be transferred to the tribes to administer.

Each tribe administers the program for their members. OSFA is notified by the tribes of the names of the students, the amount of each award, and the postsecondary educational institutions awardees will attend. OSFA transmit funds to the postsecondary educational institution for disbursement to students.

7. It was recommended that legislative staff analyses prepared during the development of a bill to create a new financial aid program consider a specified list of questions.

OSFA has no information regarding the task force recommendations regarding legislative staff analysis prior to development of a new program.

8. It was recommended that the Florida Council of Student Financial Aid Advisors serve in an advisory capacity to the Legislature.

Members of the Council have contacted legislative staff and members of the Legislature regarding financial aid issues. Members of the Council have also given testimony before legislative committees.

9. It was recommended that Section 240.421, F.S., be revised to expand the advisory responsibilities of the Florida Council of Student Financial Aid Advisors to serve in an advisory capacity to the Legislature.

Section 240.421(3)(a), F.S., specifies that an annual report and long-range plans for financial aid be submitted by the Council to the Legislature. Section 240.421(3)(c) specifies that the Council shall review and make recommendations to the Legislature related to proposed financial aid legislation.

10. The State should eliminate the Florida Student Tuition Scholarship Grant Program and future funding planned for this program should be transferred to the Florida Student Assistance Grant Programs.

OSFA has requested no funding for the program. However, the legislature has provided funds which are administered by the Florida Prepaid College Program staff.

11. A minimum two-year lead-in time should be provided prior to the implementation of any new financial aid program.

Programs are enacted by the Legislature without the two-year lead-in time provision.

12. Section 240.402, F.S., Florida Undergraduate Scholars' Fund.

a. Eliminate student application forms.

Our current computer system made the implementation of the above recommendation difficult. The new system will allow the flexibility to evaluate high school transcripts. We hope to receive the transcripts through FASTER. However, this will not necessarily be possible for private school graduates. The new system will use one student application form for all scholarships.

b. Use seventh semester academic eligibility criteria to determine eligibility; allow students who meet eligibility at the end of the eighth semester to also be eligible.

OSFA has in the past proposed the above recommendation; however, personnel in the Division of Public Schools have not been in favor. There is concern that students may "goof off" during the last term.

13. Schools should be able to draw funds or request allocations not to exceed pre-determined funding levels for the Florida Student Assistance Grant Programs.

We will be distributing funds electronically by December of 1995. Preliminary disbursements are being made to schools prior to registration with supplemental disbursements for additional funds if needed. The new system will allow rapid delivery of any necessary funds.

14. The Florida Student Assistance Grant Programs should be forward funded.

The legislature has not funded the program in this manner.

15. Florida Student Assistance Grant funds remaining at the end of the year should be utilized to make up shortfalls in future years.

Legislation passed during the 1995 Legislative Session should give the option to OSFA to use trust fund balances to cover shortfalls.

16. The Florida Student Assistance Grant statutes should be revised to reduce the number of categories of eligible students.

These categories have been eliminated.